November 18, 2003: Is Saudi Arabia a Strategic Threat?

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MICHAEL YOUNG: (In progress) is Michael Young, and I serve as chairman of the United States Commission on International Religious Freedom. We're delighted to welcome you to this hearing today on Saudi Arabia. I will engage in the time-honored Washington ritual of first asking everyone to turn off their cell phones, if they would be kind enough to do that.

And I'd like to welcome you today to today's hearings on Saudi Arabia. Let me first introduce the rest of the commissioners who are up here with me. We will have joining us shortly Nina Shea, who is vice chair of the commission and director of the Center for Religious Freedom of Freedom House. We have to my left Dr. Khaled El Fadl, who is a visiting professor of law at Yale University; to my right, Dr. Richard Land, who is president and CEO of the Ethics and Religious Liberty Commission of the Southern Baptist Convention; to my far left, Professor Preeta Bansal, who is a visiting professor at the John F. Kennedy School of Government at Harvard University; and to my right once removed, Ms. Patty Chang, who is president and CEO of the Women's Foundation in California. So I welcome my fellow commissioners. I appreciate their presence here today.

The Commission on International Religious Freedom was established by Congress to make recommendations to the president, to the Secretary of State and to Congress regarding ways in which U.S. policy can more effectively advance respect abroad for the internationally recognized right to freedom of religion or belief. The commission's an independent agency, separate from both the executive branch and Congress. Commissioners are appointed by the president and by the congressional leadership of both political parties.

Turning to the subject matter of today's hearing, simply put, there is no religious freedom in Saudi Arabia, as both our commission and the Department of State have said in various reports on Saudi Arabia. The Saudi government forcefully and completely limits the public practice or expression of religion to a narrow religious ideology commonly known in the West as Wahabiism. Consequently, non-Wahabi Sunnis, Shi'as, Sufis, and other Muslim groups, as well as the more then 2 million Christians, Hindu and other non-Muslim foreign workers who do not adhere to the Saudi government's interpretation are subject to severe freedom religion violations. Underlying this very restrictive policy on religious freedom is an education system, which contains offensive and discriminatory material in its religious curriculum that is mandatory for all Saudis in public schools.

Our commission has devoted a substantial amount of attention to Saudi Arabia, both before and after the events of September 11th. As we looked at Saudi Arabia, another issue has emerged that appears to flow directly from intolerant and repressive policies within the country. Since September 11th, there have been a growing number of reports that funding coming from Saudi Arabia has been used to finance religious schools and other activities that are alleged to support the kind of hate, intolerance and in some cases violence practiced by Islamic militants and extremists in several parts of the world.

These reports raise troubling questions about the Saudi government's role in propagating worldwide an ideology that is incompatible with both the war against terrorism as well as internationally recognized guarantees of the right to freedom of religion or belief. We ourselves have tried to track at least the number of allegations that have been made as to which countries it is spreading into, and the country count at this point is somewhat over 27.

The conditions inside Saudi Arabia as well as the possibility that the Saudi government has played a role in spreading

hatred and intolerance against both Muslims and non-Muslims have very significant implications for U.S. foreign policy. Unfortunately, advancing human rights, including religious freedom, has not been a public feature of the U.S.-Saudi relationship. The commission has recommended that it should be.

For several years, the commission has recommended that successive U.S. administrations designate Saudi Arabia a country of particular concern, which is its statutory designation under the International Religious Freedom Act, required in cases where a country engages in egregious, systematic, and ongoing abuses of religious freedom. A country of particular concern, or CPC designation, is an important diplomatic tool to put the issue of respect for freedom of religion and other human rights on the agenda of the bilateral relationship. Sanctions are an option following CPC designation but not the only option and not required.

To date, the State Department has not designated Saudi Arabia. We ask how a country where religious freedom does not exist at all could possibly fail to qualify for CPC designation. The commission has also recommended that human rights assistance, public diplomacy and other programs and initiatives directed at the Middle East be expanded to include components specifically for Saudi Arabia.

While addressing conditions inside Saudi Arabia, the U.S. government should not turn a blind eye to the question of global exportation of intolerance. In that regard, the commission has recommended that the Congress fund a study to determine whether and how and to the extent to which the Saudi government, members of the royal family or Saudi-funded individuals or institutions are propagating globally a religious ideology that explicitly promotes hate and violence toward members of other religious groups, including disfavored Muslims.

As pointed out by Commissioner El Fadl last week in the Wall Street Journal, what we seek are facts, whether they vindicate or implicate Saudi Arabia. The bulk of our hearing today will focus on the issue of exportation, but to put that issue in context, we note that since September 11th, there has been increasing attention both inside and outside Saudi Arabia on the need for political and other reforms. Last May's deadly terrorist bombing in Riyadh along with the attack of 10 days ago have underscored the urgency of that debate. But while we have seen public statements by Saudi government officials, we have not seen sustained improvements in the protection of religious freedom and other human rights. We have asked Dr. Mai Yamani of the Royal Institute for International Affairs to bring us up to date on human rights and the potential for reform in Saudi Arabia, and we welcome her with us today.

We're also looking forward to hearing the views of our three other distinguished witnesses on the issue of global exportation of intolerance and its implication for U.S. policy. Joining us today are Ambassador Martin Indyk, director of the Saban Center for Middle East Policy at the Brookings Institution and former Assistant Secretary of State for Near Eastern Affairs, and he will talk about the need to reassess U.S. policy towards Saudi Arabia in a post-September 11th world.

He will be followed by Mr. Robert Baer, a former CIA case officer and author of the recently published book, "Sleeping with the Devil: How Washington Sold Our Soul for Saudi Crude." And he will talk about his firsthand experience with Saudi exportation in a number of countries around the world.

Our concluding panelist will be Mr. David Aufhauser, who is former general counsel at the U.S. Department of the Treasury, and he will discuss Saudi financing of the exportation of religious extremism and the need to push the issue to the forefront of bilateral relations.

Before we begin, I'd like to add just a short word about the structure of this morning's hearing. The first hour will be devoted to testimonies of our panelists. We have a light in front which will indicate at the end of about 10 minutes, a warning, and then at the end of 15, a red light. I'd ask that you conclude your remarks by then. We'd be delighted to take any additional testimony you may care to write after that. During the second hour, we'd like to allow for questions-and-answer period between the commissioners and the panelists.

I'd like to conclude before I turn the dais over to Ms. Yamani by quoting from a speech recently delivered earlier this month by President Bush, commemorating 20 years of the National Endowment for Democracy. Even though speaking to the larger Middle East, President Bush aptly described the commission's concern with Saudi Arabia. He said, "As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export." Once again, I thank everyone for being a part of this hearing. If I can turn to Dr. Yamani?

MAI YAMANI: Thank you. Ladies and gentlemen, thank you for giving me this opportunity to express my views on this very important topic. The global propagation of intolerance that's quite an accusation. Is Saudi Arabia guilty or innocent? My life and my experiences have given me a unique insight into this question.

I was born a Saudi national but educated in Switzerland, here in the United States, and in Britain. I was a lecturer at King Abdul Aziz University in Jeddah. I started out with an open mind, respecting the rules and customs of the Saudi state, including censorship, the veil, and the oppressive patriarchal system. I accepted all that, up until the point where they threatened to silence me.

And the threats didn't come in a classroom in Jeddah or Riyadh or anywhere within the confines of the kingdom. It came in London just three years ago from Saudi officials in the form of a letter from the Minister of the Interior. I was instructed never to reveal its contents or its existence to anyone else classic tactics of intimidation. The demand was to seize immediately my writings and speaking activities about Saudi Arabia and consider myself fortunate that I hadn't been jailed for at least five years.

Let me put this in context. I, a research fellow from the Royal Institute of International Affairs, with a degree from Bryn Mawr College and a doctorate from Oxford University, was being ordered by one of the highest officials in the Saudi kingdom to shut my mouth. My crime was this book, "Changed Identities," a collection of interviews with young Saudi nationals that spoke of their aspirations, frustrations, and hopes. As an academic and a liberal, I thought such a book would help the rulers understand their youthful subjects, something essential if they were to be serious about reforms. Their reaction speaks for itself. Contrast my liberal writings, which so angered them, with the most fanatical Islamist statements, which were widely propagated and encouraged. This is the essence of the Saudi crisis.

The same Saudi officials who wanted to silence me now profess to want reforms and liberalization. Such a rapid conversion stretches credibility to the limit. The fact is the Saudi royal family have shown no inclination towards genuine reform. Were the princes serious about reform, they would be reaching out to the liberal middle class and the intellectual elite. But they have chosen not to do so. Not only has the state embraced the hard-liners, the hard-liners are the state, fully embedded in its structure.

Let me dissect this for you. The royal family are deeply connected with the Wahabi religious establishment. In many ways, it is a coalition government. The princes hand them power and money in return for religious legitimacy. The religious establishment hold some of the most important levers of power: official control of the judiciary or religious educational system; the ministry of Islamic affairs; the ministry of Hajj pilgrimage and Awgaf religious endowments; and the formidably named Committee for the Ordering of the Good and the Forbidding of the Evil, with their employees the mutaween, or religious police.

This supremely powerful faction controls the imams, who would preach in the 71,000 mosques across Saudi Arabia. Despite claims that several hundreds have been sent for reeducation, the royal family is incapable of removing them from their positions. In practice, they are simply reassigned.

The Saudi state relies on education to replicate itself. It's an area that reflects the same internal tensions as the political coalition. At the time when the country is badly in need of a skilled workforce, a major portion of the school curriculum is devoted to religious studies that focus on the Wahabi doctrine.

Let me just emphasize that. Some estimates say that as much as 50 percent of a pupil's schooling is devoted to the hard line and often paranoid Wahabi view of the world. Never mind the blue textbooks for the boys and the pink for the girls. These are instruments of state control. Themes revolve around how to avoid sheik idolatry in its various degrees, around sin, the fear of hell, and the rejection of the ways of the infidels. And don't imagine that these infidels are all Westerners. The Wahabis also reject the Shi'a and consider them heretics. Even the Sunnis from Mecca are treated as deviants for not subscribing to Wahabiism, especially those with Sufi inclinations.

Textbooks used throughout primary and secondary education sharply define the boundaries between the virtuous and those who deviate from the right path. The duties of young Saudis are contained in this sentence: (speaking in Arabic), meaning "Loyalty to the system and hostility to the nonbelievers." That is why you are seeing angry and desperate

Jihadis heading for Iraq to kill coalition soldiers. That is the doctrine they are following that comes from the heart of the Saudi state, fed to them throughout their educational lives. Spurred on by unemployment, political uncertainty, and falling living standards, they are easy recruits for Osama bin Laden's creed, prepared to work for their rewards in heaven.

Ladies and gentlemen, despite their domination of Saudi life, the Wahabis are a minority that has left vast sectors of society alienated and marginalized. The Shi'a of the oil-rich eastern province, the Hijazis of Mecca and Medina, the Ismailis in Nazir (?) all harbor long-term resentments. But many would put them aside if offered genuine concessions and reforms. That would mean the royal family, with its name firmly stamped on the state, including them in the political process and accepting their religious beliefs. Failure to do so might at worst push such groups into the arms of the Jihadis or, at best, make them turn a blind eye to the fanaticism and violence in their midst.

Saudi Arabia is guilty of propagating intolerance. But I am reluctant to give up all hope of change. If reforms are to mean anything at all, the following urgent measures must be taken: immediate ending of job discrimination on sectarian, ethnic, or gender grounds; immediate ending of discrimination and bias in the judicial process; immediate ending of oppressive laws against women; freedom of expression, religious expression, and the right to assembly. These are huge and dangerous steps, but if the Al-Saud royal family continues with its head in the sand, they will remain hostage to the perpetrators of violence and the forces of intolerance that threaten their very survival.

But simply, a collection of octogenarian rulers cannot understand a population 80 percent of whom are less than half their age. This is a dangerous gap in both age and culture. The fact is Saudi Arabia's rulers constructed a system that was never designed for change, based as it was on corruption, repression, and dogma for the perpetuation of their own power. There is little time left in which to alter their grand design. Thank you.

MR. YOUNG: Dr. Yamani, thank you very much for that very eloquent testimony. Ambassador Indyk?

MARTIN INDYK: Thank you very much, Mr. Chairman and distinguished members of the U.S. Commission on International Religious Freedom. I'm grateful for the opportunity to address you today. Given the particular expertise of the other members of this panel, and as you've said, Mr. Chairman, the eloquence of Dr. Yamani's presentation, I thought the most useful thing I could do in these opening remarks was to provide you with some context for your deliberations about the strategic role of Saudi Arabia in our ongoing and urgent war on terrorism.

The very fact that you could hold a hearing on the question, "Is Saudi Arabia a strategic threat?" which is I understand the title of this hearing, indicates how far we've come since the horrendous attacks of 9/11 in our reassessment of Saudi Arabia. Before 9/11, Saudi Arabia was generally viewed by successive U.S. governments, including the current Bush administration, as a close ally.

There were several reasons for this perception. The most important reason of all of course was oil. We relied then and we still do today on Saudi Arabia's critical role as the swing producer among oil exporting countries. By increasing or decreasing its oil production, Saudi Arabia is able to maintain the free flow of oil at reasonable prices to the economies of the West, and they have faithfully fulfilled that role for the last three decades. They've done so essentially because it suits their own self-interests to do so, but it also serves a vital interest of the United States, and it is on that foundation that the notion of Saudi Arabia as a strategic ally of the United States has stood for successive administrations.

A lot of other U.S. interests were built on that oil foundation. Our defense industries have depended on Saudi Arabia using its oil revenues to purchase hundreds of billions of dollars of military equipment. Our aircraft industry is dependent on billions of dollars of sales for Saudi Arabia's commercial air fleet. Our efforts to contain the threat from Saddam Hussein's Iraq depended, while he was still in while he still ruled there on access to Saudi air bases and air corridors. Our efforts at Middle East peacemaking depended in part on Saudi political and financial support. And in many parts of the world, our foreign policy depended on Saudi funding for projects that we preferred to have somebody else pay for, financial support for the Afghan resistance against the Soviet Union being the most visible example of that because contra funding was another such example.

Because we were so dependent, we essentially struck a Faustian bargain. We turned a blind eye to Saudi Arabia's domestic policies, including its treatment of women, its ban on freedom of religious worship, its intolerant education curriculum, and its autocratic system of royal family rule. We also have paid little attention to two troubling aspects of Saudi Arabia's foreign policy -- its tendency to buy off Islamic extremists by funding their activities abroad. The most

obvious example of this is Saudi funding that the government allowed to take place by private organizations and foundations for Osama bin Laden and of course the Taliban, but it also extends to funding for the activities of the Palestinian terrorist organization Hamas.

And in addition, which you have spoken of already, Mr. Chairman, we turned a blind eye to Saudi Arabia's efforts to export its extremist form of Wahabi Islam to other parts of the Islamic world. We did so not only because of what we saw as our strategic interest in securing Saudi cooperation. We also did so because of a realist calculation, that despite the obvious shortcomings of the Saudi regime, it was better than the alternative, an alternative in which Islamic militants took control in the richest oil-producing nation in the world.

After 9/11, of course, much but notably not all changed in our relationship with Saudi Arabia. The fact that 15 of the 19 hijackers and terrorists came from Saudi Arabia led us to pay much closer attention to the long-standing Saudi practices that we rightly judged after 9/11. It had played a major role in helping to create the environment in which Osama bin Laden was able to launch the al-Qaeda attacks against innocent American citizens.

Our immediate focus was correctly Saudi financing of this al-Qaeda infrastructure. But as we started to take a fresh look at Saudi practices, increasingly we became to understand that the problem was more profound than that, that what we were confronting was an ideological battle with Islamic extremism whose roots lay in part in the intolerant teachings of Wahabi clerics in Saudi Arabia and the export of those doctrines, to the madrassas, the religious schools, across the Islamic world, especially in places of considerable strategic concern to us, like Pakistan and Indonesia.

So what we face, Mr. Chairman, in trying to deal with this problem are short-term challenges and longer-term ones. The short-term ones are quite clearly before us. They relate to Saudi Arabian funding of terrorist organizations and madrassas, where the intolerance is preached to innocent minds. And secondly of course, as we see in recent events, the challenge of uprooting and crushing al-Qaeda and its infrastructure in Saudi Arabia itself.

A longer-term challenge is the more difficult one, because what essentially a longer-term challenge involves is a complete overhaul of the Saudi education system and a process of religious reformation in the country which after all is the crucible of Islam from where the prophet Muhammad came, which remains a country where the two holiest shrines of Muslim are located in Mecca and Medina, where the pilgrimages take place every year.

In the short term, I'm actually quite optimistic that the issues of funding and uprooting of the al-Qaeda infrastructure can be dealt with. That's particularly because the May and November bombings, terrorist attacks in Saudi Arabia have, as many people have remarked, served as a wake-up call for the Saudi government. They were for decades in denial about this problem. They can no longer deny its existence, and so they're starting to take measures against it. And at the same time, we see their cooperation of the Saudi government on issues such as control of funding for extremist organizations and intelligence cooperation with FBI investigations and so on, the kind of thing that simply was impossible to get their cooperation on before 9/11.

And therefore I believe that with continuous pressure and efforts on our part, we are in many ways pushing on a much more open door in Saudi Arabia then existed before and that it is possible to get them to reduce if not reduce significantly if not cut off their funding for these extremist groups and these madrassas. At the same time, of course, Mr. Chairman, we need to pay attention to the need for alternative funding for alternative education systems that will provide students with a different avenue into the future.

The long term, as I said, is much more problematic, because what we're talking about is profound cultural and societal changes in a deeply traditional country. As Dr. Yamani has pointed out, there are strict structural limits to how much we can expect this to occur on its own. Because of the pact struck between the royal family and the Wahabis, they control the Wahabis control the social and educational infrastructure of the Saudi state. They are, as Dr. Yamani has said, they are the establishment.

In this regard, I believe that Crown Prince Abdullah is our best hope for changing the system. I think that he understands the dangers the dangers in particular to the rule of the royal family, about the dangers that Saudi practices in the past have presented, and therefore has embarked himself on an effort to promote reform. But we need to understand in this regard that he, too, is severely constrained by his rivals, amongst his brothers, who continue to maintain a king who is not functioning anymore as a way of restricting the Crown Prince's ability to effect change.

And we are constrained, too, in what we can do. Partly, that's because of the problems that we're facing in Iraq. If Iraq were to come on stream with its oil production in a significant way in the near term, we would be able to reduce our dependence on Saudi Arabia as the swing producer, but that seems an unlikely prospect at the moment.

And the realists do have a point. The alternative to the Saudi royal family that we face now is a Taliban-like regime. There isn't any organized liberal opposition that could take control if we push this government to the point where it becomes unstuck, so we have to find a middle way, Mr. Chairman. We cannot ignore as we have in the past Saudi practices which, willy-nilly, created circumstances which helped to produce the 15 Saudi terrorists who attacked us on 9/11. But as we go forward, we need to find a way to coax, encourage, even push this Saudi government to take the necessary measures that will change their practices and change in particular the issue of concern that you have, the export of intolerance.

Shining the light on Saudi practices is very important in this regard, and that's why I believe that the legislation that you're pushing is very useful. I would only urge you to go beyond it, to shine the light not just on Saudi practices when it comes to exporting intolerance, but also on the Saudi education curriculum and the Saudi media, which continues to this day to trot out the most intolerant, racist, and anti-Semitic diatribes. Thank you very much.

MR. YOUNG: Mr. Ambassador, thank you very much. That was enormously insightful and helpful. We appreciate that. Mr. Baer?

ROBERT BAER: Yes, good morning. It's an honor for me to address this commission, Mr. Commissioner. I spent 21 years in the Central Intelligence Agency, and I saw the problem of Saudi Arabia from a very narrow perspective. And that was on the ground between Beirut, Damascus and central Asia, so my remarks, which are not prepared in written form, will address what I saw happen with Saudi Arabia, in particular in central Asia.

And I'd like to focus on Tajikistan, which was in the midst of a revolution - Islamic revolution in 1991. I was assigned there in 1992, and the Russian division there was under constant attack by Islamic fundamentalists, as was the Tajik government. We knew at the time that much of this resistance was supported by Abdul Rasul Sayyaf. He was an Afghan resistance leader who at one time was very close to Osama bin Laden. He had studied in Cairo, became a Muslim brother. He then went to Saudi Arabia and was inducted into the Wahabi School of Islam, which is what some people call the fifth school of Islam.

He became extremely radical and led a resistance group in Afghanistan during the ‘80s, although he remained fairly unpopular. The Afghans looked at him as a proponent of Wahabi Islam, rather than really a resistance fighter. After the war was over in Afghanistan, he was then served as an agent of Saudi Arabia to propagate Islamic fundamentalism in central Asia. In particular, he supported a man named Abdullah Nuri, a Tajik. He was a Sunni. He started funding Abdullah Nuri through from money from Saudi Arabia in the early ‘90s.

In early 1993, Saudi Arabia took direct control of the funding to Abdullah Nuri through the Muslim World League, which was founded in 1962. It's an arm of the Saudi government. In 1993, we found out that Abdullah Nuri received an arms shipment and a large money shipment from Saudi Arabia, which included missiles, rifles, ammunition, which was sent into Tajikistan. In 1993, with that money, Abdullah Nuri started buying stinger missiles, which were brought into Tajikistan.

What was clear to us at the point at that point was that Saudi Arabia had to have been cognizant of the fact of what Abdullah Nuri was doing. It was not only in the press, but he had made statements that he was going to bring down all the five states in central Asia. What we noticed in the mid-‘90s, 1996, that Abdullah Nuri started to develop a relationship with Osama bin Laden, who was still funded from Saudi Arabia. I doubt that the Saudis knew this, but in 1996, he arranged a meeting between Iranian intelligence and Osama bin Laden to conduct terrorism against the United States. I'm not sure what happened after that, but it was a significant occurrence.

At the same time, there was an Islamic movement in Uzbekistan, which was led by a man named Tahir Yuldashev. In 1991, he attempted an Islamic uprising in the Ferghana Valley, took over a couple mosques. It was eventually put down. He fled to Afghanistan, where he founded the Islamic Movement of Uzbekistan, and in order to raise money, he went to Mecca and Medina for two years, where he lived and collected money not only from businessmen, from the Saudi

government. He continued this Islamic movement in Uzbekistan right up until the American occupation of Afghanistan in the fall of 2001.

What I'm basically doing here is trying to draw a connection not just to the charities, which I think is a red herring in all of this, but to the Saudi state. We have the son of the king, Abdul Aziz bin Fahd, who has been observed all over the world supporting Islamic groups, Wahabi radical groups, who've also been connected to the hijackers. In Bonn (?) on the 17th of December in 1995, he funded a mosque there and a religious school, which had connections to the hijackers of September 11th. And on the 26th of September 1995, he had meetings with the Islamic societies of Spain in Saudi Arabia and gave them money. In late September 1995, he personally arranged a $100 million payment to the Taliban, which was supporting Osama bin Laden at the time and prepared the way for Osama bin Laden to go to Afghanistan.

These stories are anecdotal, but it's very important for us to understand that simply closing down the financing of Wahabi back movements is not enough. We have to get the state of Saudi Arabia to withdraw support from these groups. Today, we are watching hundreds of fighters cross the border from Saudi Arabia into Iraq. Saudi citizens, Saudi groups, Wahabi groups, clerics support a jihad against U.S. forces in Iraq. These movements we do not know if they're controlled by King Fahd, Crown Prince Abdullah or the defense minister Sultan.

But there is still a complacence on the part of the Saudi regime supporting these groups. Saudi Arabia opposed the war in Iraq. It urged the United States to refrain at all costs from going into Iraq, and at that point, once it happened, I think they've lost control. Now the recent bombing in Riyadh concerns me. There's an indication that Saudi Arabia, the royal family, cannot climb down off this tiger that it's gotten on to. A lot of people point out that Osama bin Laden has lost support in the kingdom because he attacked a civilian target, Muslim women and children, in Riyadh.

What I'm seeing is there's more of a chaotic tendency in the kingdom and through the Middle East, and the old rules and the old strictures no longer apply. People throughout the Middle East are interpreting Islam as they like, and so that attacks against the international committee -- the Red Cross is in Iraq are not forbidden, and we're going to see more of this.

Now what do we do about Saudi Arabia? I'd like to Dr. Indyk's - Ambassador Indyk's comments were absolutely right on. We have no alternative to the Saudi royal family. The army is not capable of ruling Saudi Arabia. There is no liberal democratic groups in Saudi Arabia who are capable of taking that country over. We have a lot of princes that run the place. Some are absolutely corrupt. Some are trying to institute reforms, like Crown Prince Abdullah.

How much longer is this going to last? We can't tell. Is Saudi Arabia going to change a regime within the next six months or a year? No one would ever say that. What we need to do at this point is identify reform-minded princes and start working with them and start cleaning this system up. We have to stop the princes soliciting support among the radical militants in Saudi Arabia. We have to stop them from giving money. We have to encourage them to start reforms throughout the kingdom, or it's going to bring the whole system down.

We're running out of time, and the war in Iraq has put an enormous amount of pressure on the Saudi royal family, both from the bottom and both from the top. They're doing a lot better on cooperation with the United States, but at the same time, that means they're getting a lot more criticism from the militants underneath. And if this movement fragments, if it breaks up into some sort of tribal rivalries, we're going to have problems there, and the kingdom is a very fragile place today. Thank you.

MR. YOUNG: Mr. Aufhauser?

DAVID AUFHAUSER: Thank you. It's particularly arresting testimony from Dr. Yamani and insightful lessons from Martin and some pretty sobering words from Mr. Baer, suggesting, I think correctly, that dealing with money is addressing only the symptom and not the underlying malady in a long-term effective way. Now having said that, I cannot think of a more meaningful immediate focus with real world consequence than trying to stop the funding, and it has been what the administration, which I was formerly associated with, has focused a great deal of its time and attention on because it is surely a proper tourniquet at least to stem the blood and the bleeding.

Let me start with an anecdote of an affirmative action taken by the Saudi government so that we have a balanced view of

what we're talking about here. Over the past 1700 years, any member of the Islamic faith could walk into one of the tens of thousands of mosques that populate Saudi Arabia and reaffirm their covenant with God at least in some small party by depositing coin or currency into a collection box known as a zakata (ph). It's an intensely private act, particularly in that faith, what you might call a good secret: it's between you and your God. There's nothing vainglorious about it. It's a simple act of faith and charity, and it happens or happened for 1700 years in more than 40,000 mosques in Saudi Arabia every day.

In a world of peace, it would not be the business of government. Indeed, to regulate it could be called sacrilege. We do not, however, live in a world of peace, and some of those collection boxes have been found in the hands of al Qaeda. And today, because of those discoveries, in Saudi Arabia, the keeper of the faith, the keeper of Mecca and Medina, cash collection in zakata is banned by edict. Now, that kind of change in the most fundamental act of a society or a faith is nothing short of extraordinary.

There are other strides that have been taken in Saudi Arabia which are similarly significant not alone sufficient, but similarly significant. And I note them this morning not to diminish the gravity of the focus of this hearing, which is the export of an uncompromising Salafist creed and whether it ferments as much hate as it does genuine faith, but to set the subject in some relief.

Nothing is more important to peace than a proper accounting of the application of funds used to finance the teachings of that creed. The corpus is simply staggering, and it is dispersed in places of despair, where the funds are too easily diverted to underwrite terror and to generate a generation of haters. In fact, the litany of steps taken by the Saudi government to date domestically domestically affirm the wisdom of enhanced transparency and oversight and good account. It's a list worth rehearsing, at least, because it is instructive on the issue of financing an extreme, austere, intolerant view of faith that can be too easily counterfeited by a false prophet like Osama bin Laden as a dogma for the killing of innocents.

Let me just give you some of the changes in Saudi Arabia domestically today. They have new laws that have been imposed on charities, requiring registration, licensing, audit, a single account for disbursements, and required approval of signatories. Those same laws prohibit cash gifts and unapproved cross-border transfers. The Saudi Arabian monetary authority has adopted an extensive anti-money laundering regulation intended to identify and capture suspicious transactions, particularly as they pertain to terrorist activity. Those regulations were subjected recently to an international audit by the Financial Action Task Force, in which the U.S. Treasury Department participated. They have also adopted new laws that bar unlicensed money remitters and prohibit cross-border transfers by even licensed entities.

The Saudi finance and police authorities have joined the U.S., sometimes haltingly, in freezing the accounts of prominent Jeddah merchants implicated in terrorist financing. They have similarly shut off 10 foreign branches of their largest charity, al-Haramain, from further official sanction at least not alone sufficient, but significant after being provided with evidence by the U.S. government that these foreign offices were promoting terror rather than charity. They have of course arrested dozens of key al Qaeda financial facilitators identified by the detainees, probably given a sense of urgency by the May and November bombings in Riyadh. And they have significantly established a joint task force with the U.S., trying to get for the first time to the bottom of the source of terrorist financing that emanates from the Arabian Peninsula.

Perhaps most importantly in this litany most importantly for our purposes this morning they have begun a process of vetting their domestic clerics, a matter which was affirmed to me directly by the minister of Islamic Affairs twice in trips to Riyadh and Jeddah. And that has already, according to his representations, eliminated hundreds if not 1200 extremists, whose preaching was and is antithetical to a life-affirming view of their faith.

Now, why was this all necessary? It was necessary because the peninsula was al Qaeda's banker for years and has been an additional source for outlier groups like Abu Sayyaf and the Moro Islamic Liberation. It is also - and Martin indicated it is also the home of the most bounteous collection of contributions for Hamas, particularly during the hajj. It's typical that the political director of Hamas encamps outside the city of Mecca during the hajj so that the lucre of those gifts can be transferred to Hamas. The source of the funding includes wealthy, knowing donors, fundraisers who amassed collections from markets and gatherings, clerics who directed zakata contributions to al Qaeda's mission, and NGOs who managed their money with abandon and spirited it around the globe, ostensibly to build palaces for teaching, but who perhaps unwittingly, or perhaps in some cases with a deliberate blindness, transposed their mission of grace into a mission for hellishness, particularly in places like Indonesia, the Balkans, East Africa, and Pakistan.

Let me return to the proactive measures I mentioned about banning zakata in mosques and the culling of the ranks of extremist domestic clerics. If the Saudi government if those efforts are genuine and I suppose people could quarrel about it being a cosmetic as opposed to being followed through with, but if those efforts are genuine, and they certainly have been declared to be so by the Saudi government, that sort of display of moral courage to challenge orthodox religious practice at home should be replicated abroad. Surely they can acknowledge the similar potential for mayhem in the funding of the international propagation of the Salafist Wahhabi faith. It is after all, as some have mentioned, preached most powerfully in the corners of the globe where hope is extinguished and refugee camps turn cities by the passage of too much time without remedy. By any measure, these are unorthodox times and orthodoxy needs questioning.

Someone has mentioned, and this is not my phrase, that even the DNA of war has now changed. We are not likely ever to be challenged as power on the battlefield. Our military might is much too disproportionate. The imbalance is so overwhelming that armies will not challenge us on a battlefield, but it doesn't mean that there will be no war. The war and the killing will recede to shadows, and the distinction between military targeting and the killing of innocents for strategic leveraging in effect is being erased or consciously softened to exploit confusion and to make it more difficult to distinguish good from bad and militants from civilians.

And in this context of what your concerns are most importantly, mere children are becoming weapons, charged with religious fervor and hate made sweet by promises of some sort of heavenly redemption. What was once a metaphor for the battle of souls has become a hardened fact with bloody consequence. Great and immense oil wealth emanating from the Gulf and in particular Saudi Arabia brought with it great responsibilities during the last 30 years to help lessen the burden of the Islamic diaspora in the form of religious giving and teaching.

The sources were many, as I have just rehearsed for you: state-sponsored, private giving, aggregators, and fundraisers, and marketplaces, and an explosion of NGOs intended to be delivering a delivery medium for care and thought. Throughout the 10-year history of the war in Afghanistan, the character of the teachings morphed from faith to religious sanction for jihad, but what was perhaps perhaps a teaching of self-defense in that theater of conflict in the war has now migrated into the mainstream and too often poisoned it with abiding hate.

I want to be clear about my own feelings and actions during the last three years. I actually take a very parochial view terrorist-centric view, if you want. Although intolerance is to be abhorred and I applaud what this commission is up to, I care most about it when it becomes a foundation for killing, and it has become a foundation for killing by being wrongly invoked by Osama bin Laden in some sort of false prophecy of what legitimizes terror. Here, money is very important in terrorist financing is very important, and here also the charities that have been spoken about - notwithstanding what Mr. Baer said, the charities that have been spoken about are very equally important because they give legitimacy, sometimes false legitimacy, to the funding of mayhem and terror. When you mix that with religious teachings and the thousands of madrassas that condemn pluralism and mark nonbelievers as enemies, you have a combustible compound that really needs to be addressed. It needs to be dealt with.

Now, the vetting I mentioned earlier of domestic clerics really needs to be globalized and internationalized, and more direct, immediate actions actually can be taken. One dramatic action would be simply stopping the funding of teaching abroad until you know what is taught, until you can police it. It is a very simple principle and one that should be embraced. I will tell you, when I was in the government, more than one minister prime minister told me that they will not even let a Saudi cleric into their land anymore for fear that the preaching would be preaching of hate and revolt and violence rather than religion. That's another measure, actually a measure that Saudi Arabia is not to take, but another measure self-help measure that many countries are apparently taking today.

So I applaud your focus. I actually endorse your legislation, but like Martin, I actually think you're not being ambitious enough. A one-year study to figure out whether Saudi Arabia has been funding the propagation of a faith is probably going to miss the mark, and it's one year too late. Measures should be taken now and can be taken now which are consistent, which do not challenge, which are not at war with their faith if their faith is what they say it is. Thank you.

MR. YOUNG: Mr. Aufhauser, thank you very much for that particularly challenging testimony, challenging both to the Saudis, to our U.S. government, and I think to us as well. We appreciate all of your testimony very much, and the insight and information this has brought to us. I think it has also stimulated, I am sure, on behalf of my fellow commissioners many questions as well, and let me start if I may with you, Mr. Aufhauser.

I was taken particularly with your last idea, which is it should be possible to we should stop the funding until we know what is being taught in those madrassas. My sense is they are very extensive. The network is fairly large, as you identified, you know, in a fairly large number of countries. Many of them are sort of up and running. How does one go about doing that? I mean, what is the process or the mechanisms even within the Saudi religious establishment in its relationship with the government to do that? It sounds like they have a process internally. What would the process look like externally?

MR. AUFHAUSER: Well, first the proxy if money. Deal with the proxy of money first. Wherever possible, forbid/prohibit any cross-border transfer of money to places of learning or madrassas abroad if there hasn't been I will take this hypothetically if there hasn't been an audit sufficient to satisfy yourself that what's being taught is good rather than evil.

Now, let me give you an example of that. I went over the litany of actions that they have taken, which do seriously and significantly regulate their charitable giving; those are charities organized within Saudi Arabia. The action is genuine, but it's not sufficient I mentioned, and the reason it's not sufficient is there is no policing of the giving of money across their borders to charities abroad. So for example, when I told you that they helped us in shutting off official sanction for 10 al-Haramain offices around the country - around the world, that's true. They did not bar, however, contributions by, let's say, a wealthy Jeddah merchant to the same al-Haramain office in Jakarta, and they frankly abdicate responsibility for policing what happens in that office in Jakarta, and say go to Indonesia and have a dialogue with the Indonesians about what happens there. I think they can actually be much more proactive on policing the giving of money to these places of learning, places of learning which really ought to honor their creed and their faith rather than turn out to be dishonoring it by becoming incubators for violence.

MR. YOUNG: Can I follow that up with one question? Let me turn it over to my fellow commissioners then. What is the process actually they use for vetting what was being taught by their old clerics?

MR. AUFHAUSER: I frankly don't know. I took that at face value from the minister of affairs. I do not know what test, if you will, they applied to determining whether a particular cleric was too extreme for their liking.

MR. YOUNG: Thank you very much. Turn to my fellow commissioners, who may have questions at this point.

NINA SHEA: Yes. It was riveting (technical difficulties, inaudible) I wanted to get your sense of how much to what degree do you think the Saudi royal family is determined at this point to change their export and proliferation of Wahhabi theology? There have been a lot read in to this use of the November 8th bombing of the (inaudible) compound in Riyadh. There is some information that they in fact were pushing (inaudible) the topic had actually been there in the weeks and months preceding it because they were concerned about the "un-Islamic," quote, unquote, behavior that is (inaudible) what's going on there and that the Lebanese newspaper, replete with photographs of (inaudible) orthodox victims of that attack. Does that change your view of whether there is chaos?

I think (inaudible) more chaotic situation (inaudible). Does that change your view, or is there some (unintelligible) going on in the royal family then? And the related question is, the funding we had from time to time pointed out that the Saudi government is (background noise, inaudible) is funding these madrassas and other teachings of (inaudible). We're told that, in fact, it isn't government doing the (inaudible) it's members of the royal family acting in their individual capacity. Is there a distinction? (Inaudible.) So anyhow, I would like any of you to respond.

MR. BAER: I would like to just say very quickly that that doesn't the distinctions that we see in the Saudi economy don't or in our economy don't apply to Saudi Arabia. For instance, in the mid-90s Saudi Arabia was supporting the building of two pipelines across Afghanistan. One was by UNOCAL and the other was by Bridas. The partner in the Bridas pipeline was Ahmed Badim (ph), who was Turki Al-Faisal's deputy. Now, whether he was doing business to build a pipeline, was he supporting the Taliban? I can't tell you. Ahmed Badim was also involved in businesses in the Sudan when Osama bin Laden was there. He was still deputy chief of the intelligence service. He was involved in a coup against the legitimate government there, which wasn't particularly friendly to the United States.

We have an uphill struggle. We do have to go after the charities. We do have to go after the curriculum. But there are so many things happening in Saudi Arabia so quickly that it's going to be difficult to control. There's an event that's happening in Beirut right now, a bank has collapsed called Al-Madina Bank, which was owned by a partner to the Saudi royal family, Adnan Abu Ayyash. According to the lawyers, according to some press reports, $6 billion was lost that was

transferred out of Saudi Arabia into a Swiss bank and to a Swiss bank to Beirut, and money was then transferred all around the world, and the people who transferred it smashed the hard drives swift transfers. I can't tell you where that money went. Neither can the Lebanese or the Syrians who are investigating this.

I just came back from the Gulf, where I was hosted by the minister of defense of the Emirates. And in a very frank moment, he said yes, we would love to get control of this money thing going to charities and we're trying, we're doing better. We have a lot of banks in Dubai that are independent, and oh by the way, we have hundreds of people leaving every day for Pakistan, carrying up to two (hundred thousand dollars), $300,000 in cash. What do you do about that? That's how the expatriates working in these countries send their money out, is in cash.

The hawala system is run by going into a hawala bank Al Raji (ph) is the famous one. It's right across from the Marriott Hotel. You simply come in with some sort of ID and a phone number in Pakistan. You send the money. The same person at the other end has the same phone you know, comes with this phone number and an ID card. It's very, very hard to go after this stuff. We can go after the big, obvious stuff like the IIRO that funded bin Laden in 1995, but it's going to be an uphill struggle and we really have to get the Saudis fully committed and not just going through the motions, cracking down on the charities, providing accountings.

I do not know enough about Saudi Arabia to tell you if they are committed at this point. I would defer to the other participants.

MR. YOUNG: If I could follow that question up a little bit with I'm taken with the notion of the middle way because it does seem to me you have presented, at least two of you, a somewhat discouraging picture about alternatives to this government. On the other hand, I also heard woven through the testimony at least of two of you today that the religious support is relatively important to the royal family. If both of those propositions are true, how do you engage in the reform? What kind of - how do you press for the reform without fundamentally undermining the support of the religious groups? Can you actually truly eliminate the conservative or extremist clerics without offending the religious establishment? And in that regard in particular, been much made of the local elections that have been announced recently as one element of that reform process, although a very critical editorial appeared a couple of days ago, suggesting that this had happened before in Saudi Arabia without much effect. I would be curious about your perceptions on that as a matter of form.

And secondly, the Saudi government has told our government that they have they are reforming the textbooks, they are looking at the textbooks, and so forth, and I am curious what we know about that and what we think is likely to come out of that, and what other elements of reform one would press for. Could you for example, Mr. Aufhauser, try and get the could the Saudi government exercise the same control over money going out of the country that it is trying to create for money given to charities within the country? So it's the question of these reforms, their effectiveness, and the extent to which they are all consistent with maintaining that religious support for the royal family, and I would be interested in the views any and all of you have on that.

MS. YAMANI: You want to go ahead? I would like to answer on both these questions because as I'm sitting here, it just seems that again the focus is on the royal family, the Wahhabis sitting in the najds (ph) as if that is all Saudi Arabia. And one of the reasons I started with my own experience as liberal academic (unintelligible) from Mecca and Medina and I know about other liberals. There is more to Saudi Arabia than that.

So we hear all the time America talking about democracy and reforms, and that's a separate issue, the reaction to that by the and the ambivalence at best by Saudis. But the first question here was about al Qaeda and about the last attacks. And yes, the situation is out of control. I mean, this is the most serious security crisis that the rulers are facing in Saudi Arabia since the foundation. And this monster they created is yes, they created the ideology, the roots, and the support and financial support. And I can't answer for the knowledge you have from the CIA and everything that went during that time. Not everybody is of al Qaeda or these jihadis; they just have the same ideology. They are brothers, and those who are within Saudi Arabia now are getting out. We look at it as a medusa with so many heads. So the FBI are there helping and you chop one head and more come out.

Again, this is a minority in the country that is spreading, and what I was or the risk of more of it spreading. And I'm looking at the link here between reforms and violence. All the answers that the government is offering are security: the iron fist, as King Fahd calls it, or the declarations of Prince Naif, and there are no political answers. And it seems that when you are looking at reforms I can't remember who said here that we want to see for the princes who are liberal who we can work with. Indeed, in the royal family you have liberal princes, we have the conservatives and the radicals, and

they all have one thing in common of course is to keep the House of Saud in place on the throne. And working with the liberals but also that means that acknowledging the other groups.

If I have one more minute to just do, you know, some of the thoughts that were coming here. The fact when you're talking about zakat, for example, and we're talking about the 1700 years of the system of zakat, well, that is one of the five pillars of Islam. Zakat will always go on. It doesn't help removing the boxes from outside; that just is a measure to frustrate the people even more, and the reaction against the United States. The 1700 years, there was no Saudi Arabia to remind you. We're talking about the kingdom and a new state that was founded in 1932, and at the time, Mecca and Medina, as we know, were under the Hashemites that ruled that for 1,400 years, and that was a completely different system until the Wahhabis came. So when you say that we're talking about Islam, Islam today really is in bereda (ph), in the pahartofnesht (ph) with the Wahhabis.

And not so much I always, when we are looking at this, it is very important to look a little inside the country and the other voices that you can work with. I will stop there. I won't take more time.

PREETA D. BANSAL: If I can just follow up on that with Dr. Yamani. We heard from Mr. Baer and Ambassador Indyk that there may not be an alternative, at least now, to the Saudi royal family; that there's a power vacuum, that the alternative would be a Taliban-like regime possibly. And I'm just wondering from Dr. Yamani is I gather that you think there are other forces of reform within the country, but I'm wondering what specific steps you think the U.S. could take in terms of supporting those reformers.

MS. YAMANI: Yeah. This is one of the excuses that, you know, we're not going to have the vote, we're not going to have this one-man, one-vote, one-time, and then we're going to have Islamists, and that's not just for Saudi Arabia. For other neighboring countries that have been supported/defended by the United States is the fear that you're going to have an Islamist regime. And then of course this is the major supplier of oil and its spare capacity, and as you say it's the dependency on Saudi Arabia.

Saudi Arabia, after the Taliban, today is the most hard line Islamic regime or a regime that legitimizes it through/by religious dogma of a specific kind, and can it get more religious internally? Of course, you see here the liberal princes who come and speak the language, and these are the people you have been dealing with. Saudi Arabia, also with the final question that you had previously here, is there a difference between the princes the Al-Saud and the government? The royal family is the state. This is the only country in the world that has given its name Al-Saud, Saudi to the country and the country has become the family.

What is the alternative? The only way is to really look at these immediate, urgent reforms, and that is inclusion, inclusion of the more liberal, the more direct. There are so many people in that country, and there are ways, and not just the sort of window dressing, this half-measures and promises and but there is no timetable. What can America do? We already know that there is very little trust from all opinion polls and there is an anti-U.S. sentiment. So in a way, you are giving us a product, but you know, we what people are saying is the person who's selling it is not acceptable to us because we don't trust. So it's really up to the Al-Saud with their own people, to the fathers of the nation.

MR. YOUNG: Thank you. I wondered I saw others of you interested in jumping in on there are sort of three questions, related questions, I think on the table, and I saw others interested in jumping in on that. I would warmly welcome that, particularly on the issue of what kinds of reforms really can be pressed either for greater degrees of inclusion, but at least in a way that doesn't result in the complete collapse of the country. And some are underway, and I'm curious what the assessment is of those.

MR. INDYK: Well, in effect, Mr. Chairman, we're talking about three related reform agendas here: political reform agenda that Dr. Yamani speaks about, a religious reform agenda you might call it a reformation - that's needed, and a educational reform agenda, and all three are related.

The question that I think you were trying to get at is what really what are the prospects of achieving significant progress on this three-part agenda with the current government of Saudi Arabia, with the royal family. And those of us who have pointed to the lack of an alternative I think are basically saying to you we don't have an alternative but to work with this government. And I'm not sure if Dr. Yamani would agree with me, but I do believe that Crown Prince Abdullah has the potential to be an enlightened leader of his people and that, therefore, he is our best bet in terms of who we should deal

with here, and not accept any excuses which say well, we don't control them because they are not part of the government. Government can, indeed, control what goes on in Saudi Arabia, and it starts at the top in Saudi Arabia as it does in so many Arab autocracies.

But having said that, we need to also understand that in the current circumstances as described by Bob Baer, this is a regime that's likely to be very frightened of change and is much more likely in the current circumstances to want to use repressive measures to deal with the very real challenge they are confronted with now from al Qaeda. That's precisely what we saw in the case of the challenge that the Gama al-Islamiyya in Egypt posed to the Mubarak regime back in the 1980s and 1990s, and the Mubarak regime, with our backing, used harsh, repressive measures in order to deal with that threat. And I think that's the direction the Saudi government is going in, and because of our war on terror, we're necessarily going to support them in that effort to root out the terrorists within their own society. But there is a tension there between that very immediate concern that they have, to basically solidify their control by dealing with this threat, and the three-part reform agenda that we all think is essential to deal with the threat that arises from past Saudi practice.

And that's a tough one for U.S. policy. I said we have to find a middle way. That's easy to say; it's not so simple to do when inevitably, if you go and talk to the Crown Prince of Saudi Arabia today on the government-to-government level, the first 10 items are going to be about fighting al Qaeda and the eleventh might be about reform. And you know, in those circumstances, it's I think very difficult to get him to focus on this, but absolutely essential.

So the essence of the answer is we need to establish a balance between the immediate needs of dealing with the immediate threats and helping the Saudi government do that and this very clear agenda, which the president himself has laid out in terms of the political reform agenda in very clear terms. We need to find ways to have an ongoing, highest-level dialogue with the government of Saudi Arabia about this reform agenda. We need some institutions to do that, an institutionalized dialogue that will enable us to work with them and to make it clear to the thin, small voices that Dr. Yamani is referring to both within the royal family and within the society at large, that those people will have the support of the United States and the international community for this reform agenda.

MR. YOUNG: Mr. Aufhauser, Mr. Baer, anything to add to that?

MR. AUFHAUSER: I think the time passed. I was going to say something earlier, but maybe it will come back.

MR. YOUNG: Let me now turn to Dr. Land.

RICHARD LAND: I have I guess what, as I have listened, looks like two questions. The first I will direct to Dr. Yamani, and then if others want to comment on it. I have I was I have had the opportunity to visit with numerous Saudis in some structured dialogues recently, and I was surprised at the extent to which not only is the Saudi government fragile, but Saudi society. They have a sense that Saudi society is fragile and that there is a good deal of chaos. And the extent to which they perceive, those who are followers of Wahhabism and those who are supporting the expansion of Wahhabism are a minority within Saudi Arabia. Could you give us any and also, I was shocked to find out the degree to which they are the term bankrupt, and not in a moral sense, but in a financial sense, was used in several occasions by these Saudis, that the royal government has more commitments than even its oil money can fund at the moment, and that the country is economically at the breaking point.

Could you give us, Dr. Yamani first and then others if you would like to add to this, give us some idea of what how much of a minority are the Wahhabists, and what is the nature of the other groups? And why would they because it sounded like in your testimony, you were saying that sort of in desperation they might turn to al Qaeda, and I find that to be jumping from the as my East Texas grandmother would say, jumping from the frying pan into the fire. But if you could give us some sense of how Saudis see their country and see the royal family and see Wahhabism and see the future.

MS. YAMANI: The Wahhabis now Saudi Arabia is a third generation since 1932, so all these new jihadis are, and especially these underground 20-year olds, are educated in the textbooks that I was describing here very briefly. So you have the religious establishment, who are of the same age as the rulers, in their late seventies and eighties. Then you have the new neo-Wahhabis who have emerged during the 1990s, after the Gulf War, and who speak a more political language. They were the opposition non-violent, but many have been put in jail and freed by Crown Prince Abdullah. And this is the new wave that we are seeing of the Wahhabis.

We can't really look at the percentage of Wahhabis in the country. Some tell me there are only 20 percent. However, if we're looking at this hierarchy or development, then you look at the rest of the country and you find even more complex, that when you there is a sea bordering on Yemen, and these people perceive themselves as marginalized, and they are sometimes they feel that they are Yemeni, especially those from Najran and Jizan, and there are the Hijazis, who are of the old, different Sunni school of thought of Hijazis of Mecca and Medina. One important point here is that the hijackers 19 the 15 out of the 19 10 came from Asir, five from the Hijaz. And this has not been given enough analysis because this is a question also of identity, and that they are not included in the hierarchy. Of course, there are the Shi'a of the oil-rich province, and they are a majority in that and they are discriminated against. And I'm sure you have a list of the areas where they are not allowed to participate.

That is known from the so this is what we have in Saudi Arabia, and the percentages are difficult to tell. Shi'a are about 20 percent of the country. When we are looking at the bankruptcy as they were talking financially, your question, the privileges and the princely privileges and the salaries of the new generation, you're talking about a royal family, 22,000 of them. And they are the young princes represent a big strain on the older princes, and especially someone like Crown Prince Abdullah, who has tried, especially that if accountability one day will be needed. That is more serious and frightening for them than democracy itself.

The final thing that I was going to say before is as you are dealing with Saudi Arabia, who is ruling Saudi Arabia among all those princes? Is it Crown Prince Abdullah when you keep saying? The de facto ruler for Saudi, the ordinary Saudi, is Prince Naif. He does control, and he has much better relations with the religious establishment and especially with the head of the judiciary, Farid al-Haidan (ph). And that is why most of those reforms, when Crown Prince Abdullah whether it's in the gas initiative, whether women driving and there is a list of initiatives where he was ready, but then they were obstructed. So it's the divisions as well, not only with the Wahhabi establishment, but also within the royal family.

MR. LAND: All right. Thank you. I have my second (audio break, tape change) -- I'd like to know the extent to which you are aware, or think, that the Saudi government and/or the religious movement within Saudi Arabia, known as Wahhabism, is attempting to export its teachings and the extent to which it is on a propaganda advance in the United States to obscure the issue. I have been aware, episodically, of going to events, like the discussion of separation of church and state in America, and find followers of Islam in the audience who say things like, Wahhabism really doesn't exist; this is American government propaganda. And of course we all, I'm sure, were disturbed by the reports in the Washington Post last year of the school run by the Saudi government, financed by the Saudi government, with Saudi textbooks which had really reprehensible statements about Christianity and the Jewish people.

Are you aware of this? Does it exist? Is there evidence that there is a propaganda offensive to say that the problems that you've talked about on this panel this morning and the problems that we've talked about in this report don't really exist and how widespread is it and to what extent is it financed by the Saudi government?

MR. INDYK: Well, look, I think, first of all, to put it again in context if I can, the kind of practices that we've been talking about this morning are practices that occurred over a long period of time in which there was no criticism or scrutiny. Secondly, one of the driving forces before this export that you are focused on that we haven't talked about was a competition that was going on with Iran, which was exporting its Shi'a brand of Islam. I'm sure Bob experienced this in Central Asia in particular. There was an intense competition between the Saudis and the Iranians, using money as the vehicle and preachers as the vehicle for this. So, there's a whole infrastructure apparatus that was established over a long period of time and essentially is seen as either benign or simply ignored. It wasn't an issue -- it wasn't of concern until it came and struck our citizens.

And so, what I'm trying to say here is that it's a very big problem, and it has many dimensions and it requires a very focused effort. I think David Aufhauser and the Treasury have done really an amazing job, actually, in the circumstances, of getting control of one dimension of this, or at least making progress in getting control on the financial dimension of this. But it's going to take a major effort and the Saudi government has to be our partner in that effort or we're not going to succeed.

Now, in the context of what happens here, what happens in the schools in the curriculum is just another manifestation of the problem that we've all focused on. Yes, it's happening in the United States as well. We should not be surprised by that because the Muslim community in this country is part of the broader world Islamic community and so we see the same phenomenon here. Are they is the Saudi government involved in a propaganda effort? There is no question they're involved in a fairly large PR effort to try to change the image that they have in this country. You appear to have been

subjected to what may have been a crude version of it; there's much more sophisticated efforts through advertisements and various other public relations campaigns to try to change the image, but I don't believe that it's focused on this anymore, on this denial. They went through this phase of denying that there was a problem. They're not in that phase anymore, partly because of everything that's come to light about what they've done in the past and partly because they see themselves the consequences of denial over so many years. This has come back to bite them very viciously.

So I think that's the context, to answer your question. And I would just say that the public relations effort is money down the drain. It's not working.

MR. LAND: If I could just add to that. You know, when we, as commissioners, were visiting in Europe, we received a good many complaints in private testimony from people who were longtime followers of Islam, mostly people who had emigrated from other countries to France and to Belgium, for instance. And they were complaining about Wahhabist influence, Saudi money coming in, and using terms like "hijacking our mosques." And it's my impression that's going on, not just in countries in Central Asia; it's going on in Western Europe, it's going on in the United Kingdom, and it's going on in the United States.

MR. INDYK: And it's going on in Southeast Asia, for instance. I'll just give you another anecdote that I heard from a former foreign minister who himself is a practicing Muslim in a Southeast Asian country, who explained that the Islam that came to Southeast Asia was an Islam that was brought, essentially, by traders and adapted to the culture of the countries where it took root, and it was a benign form of Islam that focused on the great teachings of that faith. And then he described how, in the last decade or so, this phenomenon of extremist teachers with money to build mosques and religious schools started to come out of Saudi Arabia and has he used the same word hijacked the religion in his country.

MR. LAND: That word came up two or three times in private conversations in Europe.

MR. INDYK: But his prescription is interesting because what he said is what he was arguing that what was needed was an Islamic reformation movement, and that the countries of the Southeast Asia, and to some extent Europe, North Africa, those are the countries where a benign form of Islam has manifested itself over centuries. That's where the reformation impulse can start to have an effect from the outside back in. In other words, the challenge is to reverse the flow and somehow spread the message in the reverse direction of a more tolerant Islam.

MR. YOUNG: Thank you. Professor El Fadl has a question, but I want to just clarify one point before I turn it over to him. They both explicitly -- Ambassador Indyk and Mr. Aufhauser, you have said that the Saudis have been funding the building of these mosques and the exportation of this extreme form of Islam. Is there any doubt about that?

MR. AUFHAUSER: No, there's no doubt about it but the nomenclature is confusing, okay? People keep talking in de jure terms; they keep talking about the Saudi government, the Saudi government, because in one sense -- it may sound like an odd word to use in Saudi Arabia, but in one sense it's a very homogenized group, if you will. The charities are all answerable to a supreme council upon whence Nayef sits by way of example. And yet they can say the rivers of money that flow through abroad to preach their extreme view of the faith and to build mosques and in fact, to do more than that. They become default governments because civilian governments have basically abdicated in the corners of the world where they are present. And for that reason they get undue and unusual authority.

But they get to say that the rivers of money come not through Saudi government sources, but through these charities, or through the clerics, or through the mosques, or through private donors. And so in one sense you get a plausible deniability that it's officially sanctioned conduct, but no one should by pollyannaish or naïve about what's going on. There is full knowledge of the dynamic of preaching abroad their view of their faith. I think we should actually take them at face value. Maybe I'm a little naïve at this. When met with examples of teaching in Virginia schools, by way of example, which are obscene to anybody of any conscience, they will say, that's terrible, you're right, that should be changed, that's not what we're teaching. And so if people are teaching that, they are the outliers, is what they say; they are not true to what we're trying to teach.

Well, that's a convenient answer, and I'm going to take it as a sincere answer, but it imposes an enormous responsibility, getting back to one of my suggestions before. They cannot and should not fund teaching abroad without knowing what's being taught. So we actually don't have to cross swords with them about their creed or their faith to get a heated agreement that what should be taught is the antithesis of these examples of intolerance and hate and the promise of

reward for killing.

MR. YOUNG: I might be misunderstanding this a little bit. Mr. Aufhauser, are you saying that the charities are by and large not funded by any official government funds; they're entirely private, or not? Because it sounds like the money is coming to the charities.

MR. AUFHAUSER: I never use the word "entire" because there's always opportunity for exception, but a great deal of the wealth in the charities come from other sources.

MR. YOUNG: Do come from non-official sources.

MR. AUFHAUSER: Yes.

MR. LAND: But which are controlled by the government.

MR. AUFHAUSER: Control with a short, small "c," okay? Again, we're being this is not a de jure land; this is a de facto land. There is no constitution over there, as I read in your paper and in your report. Much of this is based on lore, not law. And don't get stuck in the sticky wicket and the convenient artifice of the statement, "The Saudi government doesn't do this."

MR YOUNG: Dr. El Fadl?

MR. EL FADL: I have two queries, the first one particularly to Dr. Yamani and Martin Indyk, and the second one I would like to hear all of you on it.

I can understand the incentive and the politics of a reformation or a revisionism. The part that's very difficult to fully really comprehend is that there is a long history to the Wahhabi ideology. Wahhabism has been represented by texts and writings and so on that continue to be circulated and to be read. There is really no way that you can withdraw these texts because the founder of the school wrote some of them and/or some of his very early students wrote others, and they have a distinctive intolerance about them. I mean, the works of Mohammad bin Abdul Wahhab himself, for instance, creates these long lists of acts or beliefs that would render a Muslim an apostate. If a Muslim says X they become an apostate; if a Muslim does Y they become and apostate, et cetera, et cetera.

It seems to be a catch-22. If the Saudi government now admits that its promotion of Wahhabism, its adoption of Wahhabism, which they call the Salafi creed, regardless of what label put on it, was wrong -- it seems to be a politically impossible situation for them to admit error about the writings of Mohammad bin Abdul Wahhab and the writings of, for instance, Sheikh bin Baz, the mufti of Saudi Arabia, or the writings of Sheikh (unintelligible) -- the writings of these individuals are intolerant and they just don't work with the international human rights paradigms, et cetera, et cetera.

Well, on the other hand, if they admit no error and they just say sort of attempt to creatively reinterpret their works by making them say something other than what they appear to say in texts, that's also going to run into all types of problems. I mean, for instance, I met recently a student who has some type of scholarship from Saudi Arabia. She is out to prove that Mohammad bin Abdul Wahhab really never hated Christians and Jews and that the misperception about him comes from the fact that people confuse his writings with the writings of people belonging to other schools and so on. I mean, it's interesting except that if you open up something that Mohammad bin Abdul Wahhab actually wrote, it immediately becomes deconstructed.

So that first issue, I really don't know how the Saudi government is going to be able to navigate what appears like a catch-22, and I'm very interested in hearing what you have to say.

The second point the second query that I have, and one that I'm eager to hear all four of you about, is that anyone that watches Arab media and especially the way the Saudi government and Saudi politicians and Saudi intellectuals, at least

those allied with the government, are responding to a lot of discourse in the West about Saudi Arabia and its relationship to al Qaeda, and so on and so forth. The way they're responding to this hearing, for instance, is by saying that something like this hearing is part of an anti-Saudi pro-Israeli campaign that is designed to really not focus on any of the things that it purports to focus on, but rather it's really motivated by sinister political desires like the desire to punish Saudi Arabia for its support of Palestinians and for standing up against Israel, or something like that.

So, in other words, the thesis that is often promoted is that events like this hearing and articles that talk about problems with the ideological stance of Wahhabism and so on are all motivated by the most sinister type of emotions and they're all in sort of a conspiracy orientation. They're out to get Saudi Arabia because of its great political stands in favor of Palestinians and so on and so forth. And the issue that I think is of importance to understand is to what extent does that apologetic discourse of defensive discourse by Saudi Arabia actually resonate within Saudi Arabia itself and within the Arab world? To what extent do Saudi citizens accept that as an explanation for what is going on in the West? To be more specific, to what extent is an event like this hearing is the comment going to be that this is part of a pro-Israeli, anti-Muslim, anti-Arab campaign, and to what extent then is Saudi intellectuals and Saudi citizens going to say, yes, that's right; there is no substance presented?

MR. BAER: I'd like to answer that. I think that the Saudis, right off the bat, should start accounting for 9/11, how it was that 15 Saudis found themselves on those airplanes, where they were recruited. If they opened up the Kingdom to investigative reporting, to free press, to explanations of what they teach in the mosque, what they teach in the madrassas -- we wouldn't be having hearings like this if it was an open society; we wouldn't be subject to accusations of pro-Zionism or anything else. But it's their fault that they've closed their own country, that they've hidden this problem. And the fact that they, on May 12th, after the bombing of the compounds in Riyadh -- they could say they got their wakeup call. Why didn't they get their wakeup call in 1995 or 1996 with the Khobar or the embassy bombings?

They are at 95 percent fault for this for having a closed country. And I think that commissions like this, and people come out and talk about the problem, and talk about it frankly, we're going to get to the bottom of it a lot quicker, and they could help.

MR. YOUNG: Others have responses to that? If we can keep them relatively short. We have other questions that people I think would like to ask as well. Go ahead.

MS. YAMANI: I'll keep it short. We know it's not just you know, it's Wahhabism, but it's exporting it. This is the problem. Since I think our theme today is also freedom of religion, freedom of expression, and pluralism, so the acceptance of others. Certainly, in Saudi Arabia, the Wahhabis have been, within the country also, very aggressive. They have, whether it is in Mecca and Medina, destroyed most of the religious sites of the Prophet Mohammad and his family. They stop anybody who is having a ceremony, the Milad, for the birth of the prophet, and some people are locked up, as well as the Shi'a and others.

But when it comes to the educational system, we know that the minister of -- Saud al-Faisal, of Foreign Affairs, admitted that there was a percentage, 10 percent, or I can't remember, that must be changed, but we're looking at, also, change within the system. You don't just now cut and paste and remove that and think that, you know, the problem has been solved. The religious and the political in Saudi Arabia now are joined at the neck. They are it's a situation where it is very difficult to start making these changes.

MR. EL-FADL: If you would elaborate upon to what extent is the claim of the Saudi government that there is something conspiratorial going on in hearings like this, to what extent does it resonate with the Saudi population?

MS. YAMANI: It's very ambivalent because on the one hand, many people want, and especially liberals and the minorities, the Shi'a, they want to know that it is known outside and that they would like to see a debate, and especially when it is considering reform. When Crown Prince Abdullah last March spoke of reform and that we want to have reform in the Arab countries, their question was, who are the audience? Is it America? But still, he was ready to receive the group who went, with a petition and their modest demands, and address him, and, you know, he listened to them.

So it does make a difference, I think, the more the issues are aired. And the change started really happening, and this deniability that was there, the art they excelled at there, especially the older members of the Al Saud, has changed because of world scrutiny, because of Saudi Arabia suddenly coming under the spotlight.

MR. EL-FADL: So you don't think that they're able to escape scrutiny by perhaps one of the oldest excuses in the Middle East, and that is to cite something related to the Arab-Israeli conflict and this way escape having to deal with domestic problems. I mean, every time you raise democracy, for instance, the problem of democracy, the response that you get is, well, we you know, it's not time for democracy because we're fighting Israel, or, we're in a battle of faith with Israel. So you don't think that that's effective in the case of Saudi in dealing with Saudi

MS. YAMANI: Well, we know that hopefully when the crisis of the Palestinian-Israeli crisis is solved, we are going to be at the beginning of this problem, because then it is the people having to really face the rulers with the issues with the real domestic problems. There is no more just a distraction of watching Sharon's atrocities on Al-Jazeera. The focus would be domestic.

MR. INDYK: If I could, Mr. Chairman, first of all apologize to the committee because I thought we were going to finish at 11:30 and I have another meeting that I must get to. But on this issue that Dr. El-Fadl raises, I think, on the one hand, those who want to continue with an approach of denial will find it very easy to blame Israel-Zionist conspiracy, and that is deeply engrained in Saudi lore folklore, as it were. I mean, there is a fundamental assumption that has been propagated over the decades that really adheres to the notion, protocols of the elders of Zion.

However, it's a little hard to blame what happened last week in Riyadh on Ariel Sharon. I think that we would have more credibility when we speak about the kinds of things that we want the Saudi government to do if we were more active in trying to resolve the Israeli-Palestinian conflict. I think we have an interest in that, I think it's a mistake that this administration has pursued from day one in that regard, that we would be far more effective if we also had an effective policy towards helping Israel and the Palestinians resolve their conflict.

But I think that, given everything that's happened since 9/11, it is much harder for people simply to use the Israel card and dismiss the very real problems that Saudi Arabia has to confront, and the fact that the crown prince himself is not using that card is, I think, an important antidote to the inevitable reaction that you point to.

I hope you'll excuse me, Mr. Chairman. I'm sorry.

MR. YOUNG: Dr. Indyk, thank you very much for your participation.

We'll turn to Commissioner Chang.

MS. CHANG: Yes. In light of your various comments that more needs to be done, more needs to be done now, what are the points of influence that the U.S. government has and not just the U.S. government, but also other sectors such as the non-governmental organizations have to affect changes in Saudi Arabia in order to better protect and promote women's rights, religious freedom, and human rights.

MR. YOUNG: I'll leave that to you.

MS. YAMANI: We have not at all mentioned the effect of this war on Iraq on this situation and freedom of religion. As change took place in Iraq, and the majority of the Shi'a have become empowered, there has been a sense of empowerment of Shi'a elsewhere, including in Saudi Arabia. And the balance of the power between Wahhabis, Shi'a, this, I think, is a dynamic process and is taking place now.

MR. AUFHAUSER: I too have to apologize; I've got to give a speech at 12:00. But I think one of the grave misfortunes, and there are many, with the Riyadh bombings of both May and November, have brought a sense of immediacy and urgency about the fight against al Qaeda, to Jeddah and Riyadh, which had previously not been, in my judgment, acknowledged and shared. That's an opportunity in our dialogues, in our anti-terrorism dialogues this is an opportunity, I think, to raise significant issues of human rights and the like within the peninsula.

As a direct answer to your question, I certainly was party in many conversations regarding the rights of women and kids to be able to come home to America who were being held in Saudi Arabia. My own intuition, not empirical evidence, is much of that can be given significant acceleration by the very real new partnership on fighting terror, and particularly al Qaeda.

I do have to give a speech, Mr. Chairman, so if there's anything else specific to my parochial interests about money I'll take a question, but then I've got to go.

MR. YOUNG: I think we may have one question that does actually deal rather directly with that.

MS. BANSAL: I have one very quick question.

MR. YOUNG: Yes.

MS. BANSAL: I'm just wondering, to your knowledge, has the United States government ever requested an accounting of Saudi funding of religious schools, exportation? And, I guess to your knowledge, would the Saudi government be in a position to be able to do such an accounting?

MR. AUFHAUSER: I want to be very careful how I answer that, and I'm going to decline to answer that. Much of the dialogue with the Saudi government about how to account for money, particularly money for which we had reason to believe might have fallen into the hands of bad guys, really should remain a secret, and so I'm going to decline to answer that question.

MR. YOUNG: Thank you, Mr. Aufhauser, very much. We appreciate your participation.

MR. AUFHAUSER: Thank you very much. I apologize

MR. YOUNG: I think we'll take one last question from Commissioner Shea and then I think we will stand adjourned.

MS. SHEA: Well, I think it's fitting for this to be the last question, actually. We have recommended that Saudi Arabia be the subject of a congressional study that's export and funding for Wahhabi ideology and madrassas, et cetera, around the world. However, the United States the State Department has been reluctant to even publicly cite Saudi Arabia on the list of countries that are the most oppressive in the world towards religious freedom as we surely have found Saudi Arabia to be. They have shied away from doing so, not listing Saudi Arabia on the CPC status list.

In your assessment, would the United States, and would the Congress be - could a panel be appointed, reliably, to even investigate this point, what Saudis are teaching, what their export funding is going to, in the madrassas and mosques in the United States? Or is the State Department more concerned, and the Bush administration more concerned with sort of passing lightly over that, the Saudi support for terrorist ideology?

MR. AUFHAUSER: You know, I don't think it's an issue of commitment and conviction to the same principles and ideals that are behind the appellation of the jacues (ph) that's set forth in the statute.

I think there is a judgment that sometimes it is much more important and much more useful to talk about the underlying principles and ends rather than a "scarlet letter," and it's just a judgment that you have to make when you are in government about whether you are going to get further to the goal line by engaging in dialogue that produces precisely what we all want to produce without publicly naming and shaming people.

Now, those are judgments and you have to exercise discretion and you have to be an adult about it. I also come from another culture of the Treasury Department which heavily relies upon naming and shaming under something called the Financial Action Task Force, FATF, which is a remarkable, extralegal power, the impact of which, when you name and

shame a country, like the Ukraine, is to get them immediately compliant with normal best practices for regulating and assuring the integrity of the financial markets.

So I also acknowledge that name-and-shame can have a powerful influence, but you've got to take it on a case-by-case basis, and it

MS. SHEA: But is our suggestion going to work? Will we

MR. AUFHAUSER: Your suggestion of a commission or your suggestion of a

MS. SHEA: Will

MR. AUFHAUSER: Well, more scholarship is always good, okay, and so if the commission produces good scholarship and good testimony, it can lead to good recommendations, of course it's a good idea. Do I think it's going to get into the way with what we have been trying to develop with the Saudis? No, I don't think it will get in the way.

MR. YOUNG: Thank you very much. Let me extend in particular my thanks to our three remaining panelists and then our fourth in absentia. We very much appreciate your time and effort today, and thank you very much for your assistance.

MR. AUFHAUSER: Thank you very much.

(END)